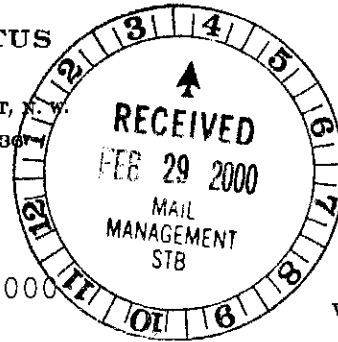


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February 29, 2000

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VIA HAND DELIVERY

The Hon. Vernon L. Williams  
Secretary  
Surface Transportation Board  
Case Control Unit  
Attn: STB Ex Parte No. 582  
1925 K Street, N.W.  
Washington, D.C. 20423-0001

U.S. DEPARTMENT OF TRANSPORTATION  
Office of the Secretary

FEB 29 2000

Part of  
Public Record

Re: Ex Parte No. 582, Public Views  
on Major Rail Consolidations

Dear Secretary Williams:

Enclosed for filing in the above-referenced proceeding are the original and 10 copies of the Comments of AK Steel Corporation. Also enclosed is a 3.5-inch diskette containing the text of this letter and the enclosed Comments in WordPerfect 8.0 format.

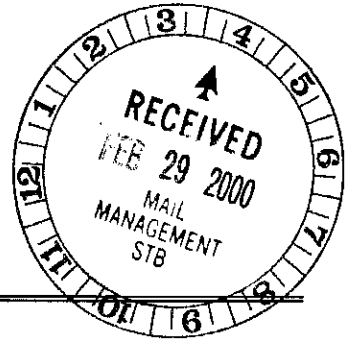
Please acknowledge receipt of the enclosed filing by stamping and returning to our messenger the enclosed duplicate of this letter.

Sincerely,

John H. LeSeur

JHL:mfw  
Enclosures

BEFORE THE  
SURFACE TRANSPORTATION BOARD



In The Matter Of:

PUBLIC VIEWS ON  
MAJOR RAIL CONSOLIDATIONS

Ex Parte No. 582

RECEIVED  
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Public Record

COMMENTS OF  
AK STEEL CORPORATION

AK STEEL CORPORATION  
703 Curtis Street  
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OF COUNSEL:

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(202) 347-7170

Dated: February 29, 2000

Attorneys for  
AK Steel Corporation

BEFORE THE  
SURFACE TRANSPORTATION BOARD

In The Matter Of:	)	
	)	
	)	
PUBLIC VIEWS ON	)	Ex Parte No. 582
MAJOR RAIL CONSOLIDATIONS	)	
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COMMENTS OF  
AK STEEL CORPORATION

AK Steel Corporation ("AK") presents these comments in response to the Surface Transportation Board's ("STB") Notice of Public Hearing and Request for Comments ("Notice"), served on January 24, 2000.

Identity and Interest

AK is a fully integrated producer of flat rolled carbon, stainless and electrical steels. AK makes extensive use of rail transportation services, both for transportation of inbound raw materials used in its steel production processes and for transportation of outbound finished steel products.

The price that AK pays for rail transportation service, as well as AK's ability to receive reliable transportation service, are critical components that relate directly to AK's

ability to survive in the highly competitive steel production marketplace.

### **Rates and Service**

The STB's Notice asks for public comments on the effect of rail consolidations on a number of topics, including "the industry's ability to provide responsive service at reasonable prices." Notice at 3.

In most recent rail merger proceedings, the applicant railroads have asked the STB to approve their applications on grounds their proposed mergers would improve service and reduce shipper prices. However, that has not proven to be the case. The post-merger debacle in UP/SP is well known -- and well chronicled. AK experienced similar problems following the STB's approval of the CSXT/NS acquisition of Conrail. Generally speaking, AK's rail service has gotten worse and its rail transportation costs have increased.

Two weeks prior to the June 1, 1999 split-date in the Conrail Case, service AK received from Conrail declined significantly. At that time, Conrail began to cancel, or significantly delay, transportation of slabs from Philadelphia to our Middletown, Ohio steel production facilities. These slabs are critically important components in AK's steel production processes. Following the June 1, 1999 split-date, AK received

very bad service from both CSXT and NS. These service failures appear to have been caused by severe congestion in certain critical yards. NS also experienced significant computer problems which led to car mis-routing and other service delays.

While AK has recently seen some service improvement from CSXT and NS, in many cases AK's service still is below service levels that existed prior to the June 1, 1999 split-date. Crew and car supply shortages still exist on both railroads. As a consequence of these ongoing failures, AK has been forced to divert many rail shipments to higher cost truck transportation, where possible. In addition, the rates AK pays to NS and CSXT for their post-split-date transportation services have generally increased -- not decreased.

CSXT and NS promised the STB they would deliver better service and reduced rates. That simply has not happened for AK: in many instances, our service is worse and our prices are higher.

#### **Future Mergers**

In light of its recent experience, AK asks the Board to more closely scrutinize applicant carriers' claims that their proposed mergers will produce public benefits in the form of rate reductions and service improvements. We also ask that the Board condition any mergers it approves on the involved carriers

providing quick and meaningful relief should promised rate reductions and service improvements not materialize.


AK supports the Board's decision to consider the "downstream impacts" in the proposed BNSF/CN merger and urges the Board to consider such impacts in all future merger proceedings.

Respectfully submitted,

AK STEEL CORPORATION

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Dated: February 29, 2000

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